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No. 92-396

In The

Supreme Court of the United States

October Term, 1992

ASTRONICS CORPORATION and
RODGARD CORPORATION,

Petitioners,

v.

THEODORE C. PATECELL and
THE PATECELL CORPORATION,

Respondents.

Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

Brief In Opposition For the Respondents THEODORE C. PATECELL AND THE PATECELL CORPORATION

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QUESTIONS PRESENTED FOR REVIEW

1. Does Rule 36 of the Federal Circuit Court of Appeals, providing for judgment of affirmance without opinion, deny litigants any fundamental right?

2. Is the Supreme Court the proper forum for reviewing a Jury damage award, that was A) upheld by the trial judge as being supported by "a sufficient quantum and quality of evidence" and B) affirmed by the Federal Circuit despite the claims of the petitioner of no substantial evidence and improper jury instructions?

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STATEMENT OF THE CASE

This action was instituted by Rodgard/Astronics (petitioners herein) in the United States District Court for the Western District of New York. Prior to this suit, Patecell (respondent herein, and defendant at trial in this suit) brought suit in the United States Claims Court for government infringement of his patents. In the claims court Mr. Patecell alleged infringement of his patents as the result of United States purchases of a runflat (safety roller) device manufactured by Rodgard. Rodgard became aware of the product when Patecell hired them as a subcontractor to produce the same.

Immediately after Patecell brought suit in the claims court, Rodgard/Astronics (Petitioners) brought this suit claiming libel/slander of business title (as the result of Patecell telling the industry that Rodgard/Astronics was infringing his patents) and seeking a declaration of invalidity and non-infringement of Patecell's patents. Patecell counterclaimed against Rodgard/Astronics for fraud, unfair competition (alleging Rodgard misused the technical trade knowledge, and customer lists that they obtained from Pactecell while being his subcontractor, by competing against him at a reduced price). Patecell further counterclaimed for patent infringement of several claims of two separate patents. The matter was tried in the Western District of New York before a jury from December 12, 1990 to January 16, 1991, Judge John T. Elfvin presiding.

Upon conclusion of Rodgard/Astronics case in chief, the court granted Patecell's motion for a directed verdict and dismissed Rodgard/Astronics claims of patent

invalidity. Rodgard/Astronics slander/libel claims and Patecell's unfair competition and infringement claims were submitted to the jury. At the conclusion of Patecell's case in chief the court denied Rodgard/Astronics motion for a directed verdict. This was the first time Rodgard/Astronics alleged that Patecell had failed to meet the burden of proof on damages. The court, disagreed and instructed the jury on damages. The jury found that Rodgard/Astronics had unfairly competed *and* infringed some of the claims of *one* of respondents' patents. The jury held all of the claims of one patent (the unexpired one) not infringed and found no liability on Rodgard/Astronics libel/slander claims. The district court subsequently denied petitioners' motions for a judgment notwithstanding the verdict purusant to Fed. R. Civ. P. 50 (b), and, in the alternative, for a new trial pursuant to Fed. R. Civ. P. 59(a). In rendering its decision, the court noted that "there was a sufficient quantum of evidence which was before the jury upon which reasonable jurors could come to the declared conclusion" (Petitioners' Appendix 6a).[1]

Petitioners appealed to the United States Court of Appeals for the Federal Circuit. On appeal Rodgard/Astronics argued I) The jury as a matter of law, could not have found infringement of claim 29 of the reissue patent; II) the jury award of damages was not supported by the evidence; or in the alternative Rodgard/Astronics was entitled to a new trial because of III) insufficient evidence

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[1] "A" refers to the joint appendix filed in the Federal Circuit, a copy of which has been filed with the Clerk of this Court.

to support the verdict and IV) improper jury instructions. Patecell answered the appeal with transcript documentation of the infringement;[2] transcript documentation of each damage element of *Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152 (6th Cir. 1978);[3] and argued that Rodgard/Astronics failure to comply with Federal Rules of Civil Procedure 50(b), 59(b) and 51(c) should prohibit the appeal. The Federal Circuit, five days after oral argument, issued an order affirming without opinion.

SUMMARY OF THE ARGUMENT

Petitioners' arguments that there was inadequate evidence upon which to instruct the jury, relative to damages, is without merit. Examination of the trial record and the case law regarding the determination of damages clearly indicates that sufficient evidence was presented upon which the court could instruct the jury in making its damage award. Furthermore, it is not the function of the Supreme Court to second guess the jury, the trial judge and the Federal Circuit in their unanimous rejection of

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[2] Including an admission of Rodgard's/Astronics expert of infringement (A726a).

[3] The four prong test delineated in *Panduit Corp.*, supra 575 F.2d at 1164, required the patent holder to establish: (1) a demand for the patented product; (2) his marketing and manufacturing capability to exploit the demand; (3) the absence of acceptable non-infringing substitutes; and (4) the amount of profit which he would have made. Pages 28 through 33 of Patecell's brief outlines each element of Panduit with transcript references.

Rodgard/Astronics claim of insufficient evidence of lost profits.

Petitioners' criticism of the court of appeals use of a summary affirmance pursuant to Federal Circuit Rule 36, which permits the court to affirm without opinion where the evidence is sufficient "or" there is no error of law is not simply meritless, but also is not an issue of dimension which would warrant the time and attention of this court.

Rodgard/Astronics has not raised any constitutional issue. Petitioners Rodgard/Astronics, set forth no "special and important reasons" for the grant of certiorari, as described in Rule 10 of the Rules of the Supreme Court of the United States.

Accordingly, this Court should reject this Petition for a Writ of Certiorari.

ARGUMENT

A. RODGARD/ASTRONICS' PETITION FOR CERTIORARI IS MERITLESS AND SETS FORTH NO REASONS WARRANTING REVIEW ON WRIT OF CERTIORARI

Rodgard/Astronics argue that the Patecells' proof of damages presented to the trial court was inadequate upon which to instruct the jury. Said argument lacks merit and is not worthy of this Court's consideration. Petitioners prefer to ignore the evidence of record of each element of the four prong lost profit test established in

Panduit Corp.[4] They mistakenly argue that Patecell must introduce evidence of royalties when there is ample credible evidence of lost profits and mistakenly alleged that the evidence of reasonable royalty is separate and distinct from the evidence relating to lost profits. Said position is contrary to prior holdings of the Federal Circuit.[5]

Throughout the trial, the evidence elicited clearly demonstrates more than a sufficient basis upon which the jury could have based a damage award. The trial testimony of the respondent, Theodore C. Patecell, thoroughly established compliance with the test as set out in *Panduit*. Demand for the Patecell "safety roller" or "run flat" is evidenced by the fact that Patecell had been selling safety rollers for 9 years prior to Rodgard's

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[4] Supra, at note 2.

[5] "Although this court has accepted the *Panduit* standard as a permissible way to establish entitlement to lost profits, we have not made that standard the exclusive one for determining entitlement to lost profits." *Central Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, n. 5 (Fed. Cir. 1983); *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 551 (Fed. Cir. 1984); *Bio-Rad Laboratories v. Nicolet Instrument*, 739 F.2d 604, 616 (Fed. Cir. 1984). See also *Ergy Register Co., v. Standard Register Co.*, 23 F.2d 438, 443, (6th Cir. 1928), "In fixing a reasonable royalty, the primary inquiry, often complicated by secondary ones, is what the parties would have agreed upon, if both were reasonably trying to reach an agreement. This must be modified by the commercial situation, and when the result is to interfere with a patent monopoly, which the patented was in position to and desired to keep, by retaining the entire market to himself, his compensation for parting against his will with that opportunity must take due account of the loss to him of anticipated profits on the business which the licensees will thus get away from him."

infringement and most heads of state had them installed on their limousines.[6] The manufacturing and marketing capability is clearly established by the fact that prior to Rodgard's infringement, Patecell was the sole supplier to the world for nine (9) years and had other manufacturers, other than Rodgard, producing safety rollers on sub-contract.[7] The assertion of an acceptable non-infringing substitute, namely the "Tyron Band," was proven to be erroneous, there was no proof of sales of the tyron band and there was evidence that the "Tyron Band" was not a "run flat" device, but was a rim band designed to maintain a tire bead.[8] Lastly, the profit determination was easily calculable by taking Patecell's sales price for each wheel size, less the price he was paying to have it manufactured and shipped.[9]

As noted above, the *Panduit* test is not the sole method for damage computation.[10] Petitioners further contended a lack of evidence regarding the royalty claim and ignore the fact that the first inquiry to be made is of lost profits. Only if lost profits *cannot* be credibly shown, do you move on to a reasonable royalty.

Furthermore, to determine the reasonable royalty, the loss of anticipated profits that respondent would have

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[6] (A409, A411).

[7] (A446a), (A417, A559-560, A614, A640, A646, A739).

[8] (A661-662).

[9] (A734-742).

[10] See note 5, supra.

received *but for* the infringement is the primary inquiry.[11] Consequently, respondents' testimony as to lost profits would be the basis upon which the royalty determination would be made. In the face of the extensive evidence regarding Patecell's lost profits, petitioners' argument is without merit. Patecell's testimony regarding his cost per unit (he contracted for the units to be made) was fixed. His sales price was fixed. The difference, was his profit per unit. He testified that his only overhead was his typewriter in his basement. The damage summaries submitted to the jury contained the cost and Patecell's established sales price for each size and type of insert. The difference was multiplied by the actual number of respective units sold by Rodgard. The lost profits were determined without difficulty by the jury.

B. RODGARD/ASTRONICS' PETITION FOR CERTIORARI ASKS THIS COURT TO VOID ALL THE FEDERAL APPELLATE RULES ALLOWING DECISIONS WITHOUT OPINION

It is readily apparent that the premise underlying petitioners' appeal, is their contention that appellate

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[11] The Court of Appeals in *Panduit*, in taking up the issue, instructed the lower court on remand to consider: " . . . the future business and attendant profit Panduit would expect to lose by licensing a competitor, . . . " 575 F.2d at 1164. Additionally, see *Georgia Pacific Corp., v. U.S. Plywood Champion Papers*, 318 F. Supp. 1116, 1127 (2d Cir. 1971) cert. denied, 404 U.S. 870 (1971) ("In the hypothetical negotiations, USP would have been reasonable in taking the position that it would not accept a royalty significantly less than the profit it was making by its policy of licensing no one to sell striated fir plywood in the United States.").

courts give inadequate consideration when their decision is not accompanied by a written and published opinion. That premise has no sound basis in law or in fact.[12]

Given its adoption of Appellate Rule 36, it is not surprising that the Supreme Court has seen no legal impediment to an appellate court's decision of an appeal without opinion.[13]

Congress has given the circuit courts of appeals freedom to proscribe rules for the conduct of their own business, consistent with Acts of Congress and the rules of practice and procedure established by the Supreme

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[12] "There is no requirement in law that a federal appellate court's decision be accompanied by a written opinion." See *Furman v. United States,* 720 F.2d 263, 264 (2d Cir. 1983).

Rule 36 of the Federal Rules of Appellate Procedure, as prescribed by the Supreme Court, expressly contemplates that some appeals will be decided without an opinion. That rule provides, in pertinent part, as follows:

> The notation of a judgment in the docket constitutes entry of the judgment. . . . If a judgment is rendered without an opinion, the clerk shall prepare, sign and enter the judgment following instruction from the court. The clerk shall, on the date judgment is entered, mail to all parties a copy of the opinion, if any, or of the judgment if no opinion was written, and notice of the date of entry of the judgment.

[13] "[T]he courts of appeals should have wide latitude in their decisions of whether or how to write opinions. That is especially true with respect to summary affirmances." See *Taylor v. McKeithen,* 407 U.S. 191, 194 n. 4, (1972) (Rehnquist, J., dissenting); *Lego v. Twomey,* 404 U.S. 477, 482 n. 6, (1972) (reviewing court of appeals' summary affirmance without comment on its summary nature). Accord *United States v. Baynes,* 548 F.2d 481 (3d Cir. 1977); *NLRB v. Amalgamated Clothing Workers of America,* 430 F.2d 966 (5th Cir. 1970); *Furman,* 720 F.2d at 265 n. 1.

Court. See 28 U.S.C.S. § 2071(a). Most Courts of Appeals, have promulgated rules which permit them to decide cases without full opinions, and provide that the decision in such cases are not to be published.[14]

They have promulgated said rules in recognition of the fact that they are no longer able to write full opinions in every case, (due to the large number of filings) and that the proliferation of published opinions must be reduced. The use of the summary affirmance, as opposed to the written decision, does not treat a case as being unimportant,[15] but only means that the decision of the Court of Appeals has no precedential value and does not require a new interpretation of law.[16]

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[14] See First Cir. R. 14; 2d Cir. R. 0.23; 3d Cir. IOP, Ch.6; 4th Cir. R. 18; 5th Cir. R. 47.6; 7th Cir. R. 35; 8th Cir. R. 47B; 9th Cir. R. 36-1-36-5; 10th Cir. R. 36.1; 11th Cir. R. 36-1; D.C. Cir. R. 14; Fed. Cir. R. 36.

[15] "[T]he fact that a disposition is by informal summary order rather than by formal published opinion in no way indicates that less than adequate consideration has been given to the claims raised in the appeal." *Furman*, 720 F.2d 263, 265.

[16] See *Amalagamated Clothing Workers*, 430 F.2d 966, 971 ("our experience, bearing out that of appellate courts generally, is convincing that in a number of cases there is no real need for an opinion at all. Where in a given case that is the considered judicial judgment of three judges comprising a panel, then it is perfectly obvious that the now limited and precious judicial resources can be husbanded by a procedure which eliminates that unnecessary opinion."); *Furman*, 720 F.2d 263, 266 ("A great many cases do not present any new or significant issue for which there are not ample precedents already in the published reports. Many lawyers and judges complain that they do not have enough time to read the opinions now being produced and published each week, without the addition of a new flood of opinions that serve no jurisprudential purpose.").

The adoption of rules that permit unexplained affirmances represents an attempt to respond to the ever increasing federal court work load[17] and provides the courts of appeal with the latitude envisioned to maximize the efficiency of their resources.[18]

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[17] See *Amalagamated Clothing Workers*, 430 F.2d 966, 970 ("we can see it is our duty to exercise imaginative, inventive resourcefulness in fashioning new methods and in adapting or modifying older ones, to enable us to at least stay abreast of this flood tide.").

[18] "[T]he use of summary orders permits judges to devote more time to the remaining cases that truly merit fully developed exercises of judicial craftsmanship." *Furman*, 720 F.2d at 266.

CONCLUSION

For the foregoing reasons, this court should find that Rodgard's Petition for Certiorari does not present a claim of any importance warranting Supreme Court review and should deny the Petition.

Respectfully submitted,

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